
OLR Bill Analysis

sHB 6335

AN ACT CONCERNING REVISIONS TO CAMPAIGN FINANCE LAWS.

SUMMARY:

This bill modifies state election laws on campaign finance and the Citizens' Election Program (CEP). Concerning campaign finance, the bill, among other things:

1. expands the list of items and services that are not considered contributions;
2. authorizes certain post-election payments, including those for "thank you parties" and complying with a State Elections Enforcement Commission (SEEC) audit;
3. restricts organization expenditures made to benefit legislative candidates who do not participate in the CEP ("nonparticipating candidates") and statewide office candidates, not just legislative candidates who participate ("participating candidates");
4. authorizes testimonial affairs in honor of a candidate, statewide officer, or General Assembly member to raise funds for a party committee, not just the candidate or public official (§ 12); and
5. authorizes campaign treasurers to use a bank or cashier's check to pay a television company for advertising costs, provided the treasurers maintain documentation showing the payment came from the candidate committee's depository account (§ 15).

The bill makes changes affecting periodic campaign finance statements and supplemental campaign finance reports. Principally, it eliminates the requirement that candidates file both, allowing

supplemental reports to satisfy the requirement for certain periodic campaign finance reports.

With respect to the CEP, the bill, among other things:

1. eliminates general election grants for unopposed participating candidates, instead allowing them to raise additional contributions up to 30% of the general election grant for that office (applicable grant);
2. reduces grants to the original statutory amount and freezes inflation adjustments for one election cycle;
3. revises the grant application and payment schedule, giving the SEEC more time to review statewide office candidate applications; and
4. revises the schedule for submitting supplemental campaign finance statements and reporting excess expenditures.

Lastly, the bill makes technical and conforming changes.

EFFECTIVE DATE: January 1, 2012 and applicable to primaries and elections held on or after that date, except the provisions on reporting duplicate campaign finance statements and payments to television companies, which are effective upon passage and July 1, 2011, respectively.

CAMPAIGN FINANCE

§§ 1 & 3 — Campaign Contributions

The bill expands the list of items and services that are not considered contributions and generally makes those for party committees applicable to slate committees. It does this by exempting from contributions, for example, up to \$400 in discounted food and drinks sold to a slate committee during a single election.

De Minimis Activities. The law exempts from the definition of contribution certain de minimis campaign activities that benefit PACs and party, slate, and candidate committees, including those for

participating and nonparticipating candidates. The bill expands the list of de minimis activities to include:

1. using up to \$50 per election or calendar year, as applicable, by an individual to benefit a candidate committee in (a) personal items or services that are customarily associated with occupying a residence or (b) donated personal property customarily used for campaign purposes and
2. posting or displaying the name or names of one or more candidates at a town fair, country fair, or similar gathering by a party committee.

Advertising Space. The bill establishes the same contribution exemption for advertising space on a sign at a town committee fundraiser as the law establishes for ad books at such a fundraiser. The bill's exemption for signs, like the law's exemption for ad books, is limited to purchases of up to \$250 by a business entity and up to \$50 by an individual.

Volunteer Services. By law, volunteer services provided by individuals are not considered campaign contributions. The bill specifies that the exemption applies when individuals provide volunteer services to party committees, PACs, slate committees, and candidate committees, including those for participating and nonparticipating candidates.

Travel Costs. The bill exempts as a contribution all in-state travel expenses incurred by a volunteer. Currently, travel expenses over \$200 per election for volunteers to a single candidate and over \$400 per calendar year for volunteers to a state central or town committee are contributions.

Slate Cards. The bill changes the exemption for costs associated with preparing, displaying, or distributing slate cards, sample ballots, or other printed materials that list the names of three or more candidates. Specifically, it eliminates the exemption for PACs and individuals, but extends it to slate committees. It retains the exemption

for party committees.

“House Parties.” The bill (1) raises the exemption for costs associated with hosting a house party (i.e., cost of invitations, food, drinks, and using real and personal property), including those for participating and nonparticipating candidates; (2) extends the house party exemption to a community room in a person’s residential facility; and (3) creates house party exemptions for two or more people living in the same household.

Under the bill, the expenditure thresholds for candidate parties apply to a single event with respect to a single election. Under current law, they apply to a single election. Those for party or slate committees apply per calendar year or for a single election, whichever is applicable. Table 1 shows the exemptions.

Table 1: Maximum Exemptions for House Parties

Recipient → Donor ↓	Individual Candidate		Party Committee		Slate Committee	
	Current Law	Bill	Current Law	Bill	Current Law	Bill
Individual	\$200*	\$400*	\$400**	\$800**	N/A	\$800
2 or More People Sharing the Same Household	N/A	\$800	N/A	\$800	N/A	\$800

*Under current law, the exemption applies to a single election; under the bill, it applies to a single event with respect to a single election.

**Current law limits individuals to a total of \$400 for all party committees in a calendar year; the bill applies the \$800 exemption to each such committee in a calendar year or single election, whichever is applicable.

Joint Checking Accounts. By law, campaign treasurers must equally divide campaign contributions made by joint checking account holders who co-sign the check. The bill creates an exception to the law by allowing the account holders to submit a written statement indicating how they want the contribution attributed. Presumably, they submit the statement with the check.

Anonymous Contributions. The bill changes the procedure for handling anonymous contributions by requiring campaign treasurers

to remit those of any amount to the SEEC for deposit into the General Fund. Under current law, treasurers must only remit anonymous contributions of more than \$15 to the state treasurer, who then deposits them into the General Fund.

§§ 5 & 11 — Organization Expenditures

By law, organization expenditures are made by legislative caucus, legislative leadership, or party committees for the benefit of candidates or their committees. They are not considered campaign contributions.

Limits. Existing law places certain restrictions on organization expenditures made to benefit legislative candidates who participate in the CEP (“participating candidates”). The bill places similar restrictions on organization expenditures made to benefit (1) legislative candidates who do not participate in the CEP (“nonparticipating candidates”) and (2) all statewide office candidates. Table 2 shows the new restrictions.

Table 2: Organization Expenditure Limits for Participating and Nonparticipating Candidates Under the Bill

Covered Period→ Donor→ Office Sought↓	PRIMARY CAMPAIGN		GENERAL ELECTION CAMPAIGN		
	Party Committee	Legislative Caucus or Leadership Committee	State Central Committee	Town Committee	Legislative Caucus or Leadership Committee
Governor	No organization expenditures for the preparation, display, mailing, or other distribution of a party candidate listing	N/A	\$50,000	\$13,500	N/A
Other Constitutional Offices	Same as above	N/A	35,000	13,500	N/A
State Senator*	Same as above	No organization expenditures for the preparation, display, mailing, or other distribution of a party candidate listing	10,000	10,000	10,000
State Representative	Same as above	Same as above	3,500	3,500	3,500

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* Already applies under current law to participating candidates for the same office.

Reporting. The law requires each campaign finance statement that a legislative caucus, legislative leadership, or party committee treasurer files to include an itemized accounting of organization expenditures made to benefit participating legislative candidates. The bill expands this requirement to also include organization expenditures made to benefit (1) nonparticipating legislative candidates and (2) all statewide office candidates.

Existing law, unchanged by the bill, requires a committee that makes an organization expenditure to notify the benefitting candidate committee. The bill eliminates the requirement that these notifications include the expenditure's amount and purpose. However, it retains the requirement that the treasurer of the benefitting candidate committee file a statement, no later than the time the committee dissolves, with the SEEC listing the (1) committee that made the expenditure and (2) amount and purpose, if known.

§§ 2 & 4 - 5 — Campaign Finance Statements

By law, the following committees and individuals must file periodic campaign finance statements with the SEEC: (1) candidate committees for statewide, legislative, and probate judge candidates; (2) party committees; (3) individual lobbyists; and (4) PACs, other than those formed to aid or promote the success or defeat of a municipal referendum or municipal office candidates.

Among other submission dates, treasurers must file these statements on the 7th day preceding a primary, referendum, or special election if the committee has made or received contributions or expenditures and is not exempt from the filing requirement. The bill makes receipt of organization expenditures a trigger for reporting on this submission date.

Required Information. The bill changes the contents of periodic campaign finance statements. It eliminates a requirement for candidate committees, PACs, and party committees to include in their periodic

campaign finance statements:

1. the total amount and denomination of money received from anonymous contributors,
2. the names of people who purchase items at a fundraiser that total \$50 or less,
3. the names of people who donate food or beverages for a meeting, or
4. costs associated with permissible de minimis activities.

It requires these committees to include in their statements:

1. whether a person contributing over \$400 in the aggregate to a slate committee financing a candidate for chief executive officer of a town, city, or borough has, or is associated with a business that has a contract valued at over \$5,000 with the town, city, or borough and
2. the name and address of any person or business that purchased ad space on a sign at a fundraiser and the aggregate amount.

Party committees, candidate and exploratory committees for statewide and legislative office, PACs authorized to contribute to them, and PACs they establish or control must also include the name and address of anyone (other than a campaign treasurer, chairperson, or candidate) who bundled contributions.

Duplicate Reporting. The bill eliminates duplicate filing requirements for campaign finance statements. Specifically, it eliminates the requirement that (1) town committees file copies of reports with the applicable town clerks since they also file with the SEEC and (2) slate committees for the office of justice of the peace file a duplicate report with the SEEC since they also file with the applicable town clerk. It eliminates a requirement that individual lobbyists file with the SEEC. By law, lobbyists must file periodic financial reports with the Office of State Ethics.

Filing Exemption. Under current law, candidates in a primary or general election must file periodic campaign finance reports, unless they are exempt. Certain candidates must additionally file supplemental campaign finance statements.

The bill eliminates this dual filing requirement by allowing a supplemental statement to satisfy the requirement for the periodic campaign finance statement that is due to the SEEC on the seventh day before a regular election (see Excess Spending and Reporting below).

Covered Period. The bill expands slightly the period that periodic campaign finance statements must cover. It maintains existing filing deadlines for submitting them. Under the bill, monthly statements must include information through 11:59 p.m. on the last day, rather than simply on the last day, of the month before the filing deadline. Statements required to be filed seven days before an election, primary, or referendum must include information through 11:59 p.m. on the second, rather than the seventh, day preceding the filing deadline.

Timely Submission. Under the bill, periodic campaign finance statements must be received by the SEEC by a specified time on the filing deadline to be considered timely, not just postmarked by the filing deadline. To be deemed timely, the SEEC must receive hard copies by 5 p.m. and electronic submissions by 11:59 p.m. on the filing deadline. Under the bill, “authorized electronic” methods include e-mail, fax, and SEEC-created web-based programs.

The bill specifies that grant applications, supplemental campaign finance statements, and independent expenditure reports are considered timely when they are filed according to the procedures under existing law.

State Central Committees. The bill aligns the filing schedule for state central committees with the schedule for most other party committees, candidate committees, and PACs. Generally, they must file on the 10th day of January, April, July, and October, but not on a weekend or holiday. They must also file on the seventh day before a regular state election and on the seventh day before any other election,

primary, or referendum for which the committee has received or made a contribution or expenditure.

Under current law, state central committees submit reports three times per year and also file on the 12th day preceding any election.

§ 5 — *Certifying Contributions Over \$50*

The law prohibits principals of state and prospective state contractors and their immediate family members from making contributions to (1) candidate and exploratory committees for statewide and legislative candidates, (2) PACs authorized to contribute to these candidates, and (3) party committees. It places a \$100 limit on contributions to these committees from communicator lobbyists and their family members.

Under current law, individuals who make such contributions that separately or in the aggregate exceed \$50 must certify that they are not a principal of a state or prospective state contractor. But they must also certify that they are not a communicator lobbyist or an immediate family member of one, even though the law permits these individuals to make contributions of up to \$100.

The bill corrects this procedure by requiring individuals who make contributions exceeding \$50 to instead (1) provide their status as a communicator lobbyist, immediate family member of a communicator lobbyist, state or prospective state contractor, or such a contractor's principal and (2) certify that they are not prohibited from making a contribution to any of these candidates or committees. Under the bill, as under existing law, they must also provide the name of their employer.

The bill also requires the SEEC to amend the sample form upon which certifications are made to include an explanation of the terms "immediate family," "state contractor," and "prospective state contractor." The form already explains "communicator lobbyist" and "principal of a state contractor or principal of a prospective state contractor."

The bill requires treasurers to keep only one certification per contributor unless non-financial information changes. Treasurers who deposit a contribution based on a certification have a complete defense to any action taken against them concerning the contribution, unless prior to the deposit they knew or had reason to know that the certification was false.

§ 5 — *Surplus Distributions and Post-Election Payments*

By law, candidate committees and political committees, other than ongoing PACs or exploratory committees, must spend or distribute surplus funds after (1) a primary if the candidate loses, (2) an election, or (3) a referendum.

The bill extends the deadline from January 31st to March 31st following an election or referendum held in November, unless a candidate uses the surplus to comply with a post-election audit by the SEEC. For these candidates, the bill extends the distribution deadline from (1) within 90, to within 120, days after an election or referendum not held in November, or, a primary or (2) January 31st to June 30th following an election or referendum held in November.

“Thank You” Parties. The bill authorizes participating candidates to host a meal after an unsuccessful primary or election to acknowledge committee workers’ efforts. The meal must be provided no later than 14 days after the primary or election, whichever is applicable. The cost for meals cannot exceed up to \$15, \$20, or \$30 per person per occasion for breakfast, lunch, or dinner, respectively (including tax and gratuity for each meal) (see BACKGROUND).

Treasurer Payment. The bill authorizes participating candidates to use any remaining funds after an election or unsuccessful primary to make a payment of up to \$1,000 to their campaign treasurer for services rendered. By law, candidates may compensate without limitation (1) campaign and committee staff and (2) attorneys, accountants, consultants, or other professionals for services during a campaign. However, the SEEC has advised that participating candidates may not use campaign funds for bonus payments for

campaign staff or volunteers on or after an election (pursuant to the SEEC's "Post Election Fact Sheet – November 2010").

Audit Compliance. By law, the SEEC may inspect or audit the accounts or records of candidates who participate in the Citizens' Election Program. The bill allows participating candidates to use remaining grant funds after an election or unsuccessful primary to comply with any audit the SEEC conducts.

CITIZENS' ELECTION PROGRAM (CEP)

Under the CEP, statewide and legislative candidates who receive qualifying contributions (QCs), agree to abide by certain spending limits, and comply with other requirements, are eligible to receive state grants to fund their campaigns.

§ 6 — Exemption from Affidavit of Intent

By law, candidates who finance their campaigns entirely from personal funds or do not receive or spend over \$1,000 from other sources are not required to form a candidate committee and must attest to their eligibility for this exemption in a sworn statement.

If these candidates do not intend to participate in the Citizens' Election Program, the bill exempts them from the requirement to file an affidavit certifying their intent to abide or not abide by the program's spending limits. Like other candidates who do not intend to participate, they are called "nonparticipating candidates."

§ 7 — QCs

The bill specifies that "individuals" include sole proprietorships, thus allowing them to give QCs. In addition, it prohibits contributions made by minors under age 12 from counting as QCs. By law, minors under age 18 can contribute a maximum of \$30 to (1) exploratory and candidate committees and (2) PACs and party committees in a calendar year.

§§ 8-9 & 13-14 — Grants

Applications. By law, each candidate and campaign treasurer must

sign the CEF grant application. The application must include certain written certifications and a cumulative itemized accounting of all funds received, expenditures made, and expenses incurred but not yet paid. The bill requires the itemized accounting to cover campaign finances as of three days preceding the date when the application is actually filed, rather than three days before its filing deadline.

The bill also (1) extends, from four to 10 business days, the time the SEEC has to review most applications from statewide office candidates and (2) specifies that the SEEC will not review general election grant applications it receives during the seven calendar days before the final primary application deadline until after the next general election grant deadline, a week later. Existing law, unchanged by the bill, requires the SEEC to review legislative candidate applications within four business days.

Unopposed Candidates. The bill prohibits participating candidates who are unopposed in the general election from receiving a grant. The bill instead allows unopposed candidates to raise contributions, in addition to QCs, up to 30% of the applicable general election grant (the amount they receive as a grant under current law). It subjects these additional contributions to the same limitations and restrictions that exist for participating candidates running for the same office. Unopposed candidates must limit their expenditures to the sum of their (1) QCs; (2) allowable personal funds, if any; and (3) permissible additional contributions.

If an unopposed candidate is subsequently opposed, he or she is eligible for the applicable general election grant. But the grant is reduced by any additional contributions the candidate receives. At that point, the candidate must limit expenditures to the sum of his or her (1) QCs; (2) allowable personal funds, if any; (3) permissible additional contributions; and (4) applicable general election grant.

Grant Amounts. The bill reduces CEP grants by (1) resetting them to the original statutory amount and (2) freezing, for four years, inflation adjustments based on the Consumer Price Index for All

Urban Consumers (CPI-U) as published by the U.S. Department of Labor, Bureau of Labor Statistics. The bill reinstates the inflation adjustments beginning in 2014 for legislative candidates and 2018 for statewide office candidates.

This means that in 2012, a major party candidate for state senator who is nominated and opposed will be eligible for an \$85,000 general election grant. Similarly, a major party candidate for state representative who is nominated and opposed may receive a \$25,000 general election grant. (The SEEC adjusted these grants for inflation and during the 2010 general election they equaled \$88,400 and \$26,000, respectively.)

§ 10 — Excess Spending and Reporting

The bill (1) revises the procedure for submitting supplemental campaign finance statements and for reporting excess expenditures, (2) deems candidates who submit supplemental campaign finance statements to have satisfied the campaign finance report filing requirement for seven days preceding a primary or election, and (3) requires supplemental statements to include the same information as periodic campaign finance statements (see Required Information, above).

Supplemental Campaign Finance Statements. Under current law, if a candidate in a primary or general election campaign with at least one participating candidate receives contributions, loans, or other funds, or makes or obligates to make an expenditure that in the aggregate exceeds 90% of the applicable spending limit for the primary or general election period, his or her campaign treasurer must file a supplemental campaign finance statement with the SEEC. Thereafter, the campaign treasurer for every candidate in the race must file periodic supplemental campaign finance statements according to a specified schedule.

The bill eliminates the 90% threshold and requires the campaign treasurer of each candidate in a primary or general election campaign with at least one participating candidate to instead file weekly

supplemental campaign finance statements:

1. for a primary campaign, on the Thursday following the July filing date set by law, and every subsequent Thursday, including the one before the primary and
2. for a general election campaign, on the Thursday following the October filing date, and every subsequent Thursday, including the one before the election.

The bill eliminates the supplemental reporting requirement for nonparticipating candidates who spend under \$1,000. Those who spend \$1,000 or more are subject to the requirement. The bill similarly eliminates the requirement for unopposed participating candidates, provided they file a supplemental statement on the last Thursday before a primary or general election, whichever applies.

Supplemental statements must cover the following period: the first day not included in the last statement through 11:59 p.m. on the second day preceding the filing deadline.

Excess Expenditures. Under current law, each campaign treasurer of a candidate in a primary or general election campaign with at least one participating candidate must file a declaration of excess receipts or expenditures when the candidate committee receives contributions, loans, or other funds, or makes or obligates to make an expenditure that in the aggregate exceeds 100% of the applicable spending limit. The treasurer must do the same if the candidate has receipts or expenditures that in the aggregate exceed 125%, 150%, or 175% of the applicable spending limit for the primary or general election.

The bill eliminates the excess expenditure reporting requirement for nonparticipating candidates. For participating candidates, the bill (1) bases reporting on their expenditures only and (2) eliminates filings at the 125%, 150%, and 175% thresholds.

Existing law's reporting schedule remains. A candidate who exceeds the applicable threshold must file the declaration of excess

expenditures with the commission within 48 hours; one who exceeds the applicable threshold 20 or fewer days before the primary or election, must file the declaration within 24 hours.

The bill specifies that declarations of excess expenditures must cover the following period: the first day not included in the last statement through 11:59 p.m. on the first day preceding the filing deadline.

BACKGROUND

“Thank You” Parties

For the 2010 election, the SEEC prepared a fact sheet stipulating that post-election parties held by participating candidates must occur on Election Day. In accordance with regulation, the sheet provides that campaigns could not exceed the “per person per occasion” meal limit regulation sets (SEEC, “Election Day Parties Reminder,” November 2010 and Conn. Agencies Regs. § 9-706-2).

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 15 Nay 0 (04/01/2011)